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Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-04 CIAE-00 INR-05 NSAE-00

COME-00 H-01 TRSE-00 /023 W
---------- 092812
R 231623Z OCT 74
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 6690

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EO 11652: N/A
TAGS: EINV ES
SUBJ: ALLIED CHEMICAL CORP (OPIC APPLICATIONS 519-74-014)

REF: STATE 225374

FOR OPIC

1. WE DELAYED RESPONSE TO REFTEL DUE TO HEIDI'S ABSENCE FROM EL SALVADOR WEEK OF OCTOBER 14. ON OCTOBER 15 ECONOFF SPOKE WITH DR. LEONILO ALAS, MINECON'S DIRECTOR OF INTER-NATIONAL ECONOMY, ADDRESSING FIRST THE QUESTION RAISED IN PARA. 2. OF REFTEL (POSSIBLE DELIBERATE POLICY TO EXCLUDE CERTAIN TYPES OF ACTIVITIES FROM OPIC APPROVAL) AND THEN SPECIFI-CALLLY THE ALLIED CASE. ALAS SAID THE MINISTRY HAD TO LOOK AT THE FULL IMPLICATIONS OF OPIC INSURANCE WHICH HE SAY INCLUDING THE POSSIBILITY OF THE USG ESPOUSAL OF A CLAIM ARISING FROM AN ACTION AGAINST AN INSURED INVESTMENT WHICH HAD, OF COURSE, BEEN ORIGINALLY APPROVED BY THE GOES. THIS CONCERN, FORTIFIED BY BALANCE OF PAYMENTS PROBLEMS AND A NOMINAL SENSE OF NATIONALISM, MIGHT LEAD TO DENIAL OF SOME APPLICATIONS IN THE COMMERCIAL FIELD (E.G. THA PENDING SEARS, ROEBUCK AND CO. INVESTMENT). BUT, WHILE ADMITTING NO POLICY HAD YET BEEN DEFINED, HE WAS CERTAIN THE MINISTRY WOULD VIEW FAVORABLY APPLICATIONS IN AREAS OF BANKING, INDUS-TRY, TOURISM, AND TRANSPORTATION (AN ASSET TO PRODUCTION).

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2. WE DISCUSSED ALLIED'S APPLICATION AND HE SAID HE UNDER-

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STOOK ALLIED'S APPLICATION TO BORROW EXTERNALLY $80,000 WAS BEING OR HAD BEEN DENIED. (NOTE: THIS IS THE FIRST STEP; THE SECOND IS APPROVAL TO REGISTER THE APPROVEL LOAN. SUBSE-QUENT MINISTRY APPROVALS WOULD BE FOR FISCAL INCENTIVES AND OPIC INSURANCE.) ALTHOUGH ALLIED CANNOT AT THIS STAGE OF ECONOMIC ACTIVITY MAKE A STRONG CASE FOR BALANCE OF PAYMENTS BENEFITS TO EL SALVADOR, EMPLOYMENT, PRODUCTION, ETC., ALAS SAID IT HAD NOT MADE AS GOOD A CASE AS IT COULD. THUS IT APPEARED THE DOOR WAS STILL OPEN.

3. ALLIED'S HEIDI TOLD EMBOFF HE BELIEVES CONCERN EXPRESSED TO OPIC BY HIS HOME OFFICE IS PREMATURE. HIS LOCAL ATTORNEY ASSURED HIM OCTOBER 21 THE UPPROVAL FOR THE FOREIGN LOAN WAS ON THE ECONOMIC MINISTER'S DESK WITH A RECOMMENDATION FOR APPROVAL. HE PREFERRED TO TAKE THE ISSUES STEP BY STEP AND WOUWD WORK ON THE OPIC APPROVAL AFTER THE FOREIGN LOAN WAS APPROVED. HE SAID THE LOAN, AT 14 PERCENT, COULD HARDLY REPRESENT AND ONEROUS BALANCE OF PAYMENTS BURDEN. HEIDI SAID THE APPLICATION TO THE MINISTRY FOR OPIC APPROVAL WAS MADE DIRECTLY BY THE HOME OFFICE AND DID NOT FOLLOW PROPER FORM NOR BUILD A STRONG CASE. HIS SUBSEQUENT LETTER TO THE MINISTRY EXPANDED ON THE SUPPOSED BENEFITS (PERHAPS ALAS HAD NOT SEEN THIS LETTER BY OCTOBER 15.) OF THIS WARE-HOUSING/PACKAGING OPERATION.

4. HEIDI UNDERSTANDS OUR INTEREST IN HIS APPLICATION AND WILL INFORM US OF DEVELOPMENTS. OPIC'S KENNETH DAVIDSON HAS AN APPOINTMENT WITH ECONOMY/VICE MINISTER OCTOBER 25 AND HE MAY FIND IT APPROPRIATE TO PURSUE THE ISSUE OF POSSIBLE DISCRIMINATORY POLICY TOWARDS OPIC APPROVALS.
CAMPBELL

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Message Attributes

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Concepts: CHEMICAL INDUSTRY, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
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